

# Texas Emission Reduction Plan (TERP)

# What is TERP?

- Incentive program for air quality improvement projects
- Goals:
  - assure that Texas air is safe to breathe and meets minimum federal standards established under the Federal Clean Air Act
  - develop multi-pollutant approaches to solving the state's environmental problems
  - adequately fund research and development that will make the state a leader in new technologies that can solve the state's environmental problems while creating new business and industry in the state.

# TERP History

- Passed in 2001 in the 77<sup>th</sup> Legislature, included \$137 million in funding for a number of emission reduction strategies
  - 72% for Heavy-Duty projects (\$98 million)
    - Grants
    - Automatic buy-down
  - The rest would be split between:
    - Light-Duty
    - Energy Efficiency
    - R & D
    - Administrative

# Actual Funding: \$20 million

- Funding was to be collected from a number of sources, the vast majority of which was from placing a \$225 fee on all cars registered from out of state.
- Glitch: Huge numbers of new cars come into Texas from out of state. Therefore, the dealers have to pay the registration.
- When the bill was signed, it was immediately litigated; Courts imposed an injunction against the collection of the out-of-state auto registration fee.
- This dramatically reduces the funding – most of the resources went to repowers

# Back to the drawing board

- 78<sup>th</sup> Legislature had to find funding to make up for lost time
- Average funding for TERP per year is \$150 million for five years.
  - Heavy-Duty = 87.5%
  - R&D = 9.5%
  - Administrative = 3%
  - Light duty, Energy Efficiency = not funded because of lack of SIP approvable programs

# Heavy Duty Program

- The program provides grants to eligible projects to offset the incremental cost associated with the activities to reduce emissions of NOx from high-emitting mobile diesel sources in nonattainment areas and other affected counties of the state

# Cost Effectiveness

- Grants awarded on a \$13,000 per ton NOx cost-effectiveness threshold
- If your project can provide 1 ton of NOx reductions over the activity life of a project (minimum 5 years) you may be eligible for funding
- It is a competitive process, whereby, the most cost effective projects are funded until the funding is exhausted
- TCEQ would like to do 3 rounds of funding per year

# Eligible Activities

- On-Road Heavy-Duty Vehicles
  - Purchase or lease
  - Replacement
  - Repower
  - Retrofit, or add on technology
- Non-Road Equipment
  - Same as above



# Eligible Activities (cont.)

- Marine Vessels
  - Purchase or lease
  - Replacement
  - Repower
  - Retrofit, add-on technology
- Locomotives
  - Same as above
- Stationary Engines
  - Same as above

# Eligible Activities (cont.)

- Refueling infrastructure (qualifying fuel)
- On-Site electrification and Idle Reduction Infrastructure
- On-Vehicle Electrification and Idle Reduction Infrastructure
- Use of Qualifying Fuel
- Demonstration of New Technology

# New Technology Research and Development Program

- Funding for technology that is close to commercialization, with the goal being that projects develop technology that would be eligible for TERP deployment funding before 2007, when TERP expires.
- First call for project deadline was March 31<sup>st</sup>.
- Received \$60 million in applications
- Available Funding: \$8.3 million

# Questions and Answers